FOR MYSORE STATE

DEVELOPMENT (194 o) Department.

MS SERIES.

G.O. NO. 1811

63

Dated 4th May 1950.

Perused
Supdt
R&O

[Despatch Abstract.]

INDUSTRIES - FERRO-MANGANESE INDUSTRY - MANUFACTURE OF IN SANDUR STATE - PROPOSALS OF THE GENERAL SANDUR MINING COMPANY, LIMITED, SANDUR - VIEWS OF THE MADRAS GOVERNMENT - COMMUNICATED TO THE GOVERNMENT OF INDIA - PAPERS - R E C O R D E D.

✓

2 Copies of Ff 33-34 cft 12-6 n. d to Madras
Addl

No.I-II-36(1)/48.
Government of India.
Ministry of Industry and Supply.

New Delhi the, 15th Sept. 1949.

To
The Secretary to the
Government of Madras,
Development Department,
MADRAS

(1 [illegible] 3

Lr. No. 94312 P&D in 19/9/[illegible]

Sub:- Manufacture of Ferro-manganese in Sandur State.

Sir,

1/ I am directed to address you on the above subject and to say that Mr. Albert Godefroid of the General Sandur Mining Company who are holding a mining lease for manganese ore on Sandur, has brought to the notice of the Government of India the difficulties experienced by the Company in exporting manganese ore mined by them. It has been pointed out that this ore, which is of a low grade suffers in the competition with Russian and Brazilian ores owing to the high transport charges, part of which are imposed by the Indian Railways. The-se transport charges which now amount to Rs.15 per ton are much greater than those levied by South African Railways for a distance three times as long. The 'A' grade ore which has so far been exported will come to an end long before 1953 and under the present difficulties the exploitation of 'B' grade ore will be according to the company economically impossible. The suggestion made, is, that apart from removing the difficulties under which the trade labours, semi-metallurgical treatment should be carried out at Sandur so that the commodity to be transported becomes much less bulky than that which at present has to be shipped. This amounts to the setting up of a new minor industry.

2/ The proposals put forward by the Company in this regard are (i) reduction in railway freight from Rs.15/- per ton to Rs.6/- per ton (ii) levy of an export duty of Rs.2/- per ton for ores containing 37-42% manganese only and (iii) the formation of the Indo-Belgian Company incorporated in India to undertake the enter-prise, full control remaining in Indian hands. The technical and commercial management would, however, remain in their hands for 25 years.

3/ In this connection, I am to point out that in 1946 the Sandur Government had a proposal to start a project for the manufacture of ferro-managnese by Electric Furnace process from the Manganese Ore abundantly available in the State. No further information in this regard is available. The Government of India will therefore be grateful if the Provincil Government could let us know the progress, if any, made with regard to their scheme and also furnish their views on the present proposals.

Yours faithfully,

(S.G.RAMACHANDRAN)
Under Secretary to the Govt. of India.

(K.B.)

End. No. 94312 P&D/49-1, dated 23.9.'49

Referred to the Collr. of Bellary for very urgent remarks in consultation with the Collr.

To the Collr. of Bellary.

Copy to the RD of Bellary.

RD. 20/X/49

THE GENERAL SANDUR MINING COMPANY LIMITED

(Incorporated in England)

TELEGR. GESANMICO SANDUR

REGISTERED ACK DUE.

SANDUR P.O. (Bellary District)

25 NOV 1949 SECRETARIAT TO GOVERNMENT DEVELOPMENT DEPARTMENT

No. M/258/49 23rd November 1949

The Secretary to Government,
~~Director of Industries and Commerce.~~
MADRAS. Development Department

Dear Sir,

Subject: Manufacture of Ferro-Manganese in Sandur State.

With reference to copy of letter No. 1-11-36(1)/48 dated 15-9-49 from the Govt. of India, Ministry of Industry and Supply, I beg to submit the Scheme drawn by Albert Godefroid Esq, Consulting Engineer for the manufacture of Ferro-Manganese in Sandur State.

Yours faithfully,

MANAGER.

Encl:
1 Scheme.

Dev. Dept.

Memo. No. 94312 P&D iii/49-2, dated 30.11.49.

Sub: Industries - Manufacture of ferro manganese in Sandur State - Proposals by the G.S.R.C. Ltd. - Remarks.

Ref: (i) Govt. Endt. No. 94312 P&D iii/49-1, dt 23.9.49.
(ii) from the D.I.&C., No. 5841-A3/49, dt 12.11.49

In continuation of the Govt. Endt. cited, a copy of letter No. R/258/49, dt 23.11.49 together with the enclosure received from the General Sandur Mining Co., Ltd., Sandur forwarded to the D.I.&C. He is requested to offer his remarks on the scheme subd. by the Company along with his reply to the Govt. Endt. cited. The matter may be treated as urgent

The D.I.&C.,
Madras.
(with encl (in original)
to be returned with reply

R.D. 28/12/49.

28/11/49. 29/11/49. 30/11/49.

Development Dep

MEMORANDUM NO.101055-P&DIII/49-2 dated 7.11.49

Sub: Industries - Manufacture of Ferromanganese in Sandur State - Information.

Ref: Government Endorsement No.94312-P&DIII/49-1, dated 23-9-49.

In continuation of the Government Endorsement cited the Director of Industries & Commerce is informed that the General Sandur Mining Company, Limited have represented to this Government that they are paying Annas 3 per ton of manganese ore removed from Sandur State into the Indian Dominion and have requested that they may be exempted from the payment of this duty in view of the merger of the Sandur State with the Indian Union. The Director of Industries and Commerce is requested to state whether the representation is correct and if so, to offer his remarks on the request

p.t.o.

of the Company in consultation with the Collector of Bellary.

To the Director of Industries & Commerce, Madras,

Copy to the Collector of Bellary.

Copy to the B.D. file.

REVENUE DEPARTMENT.
Subject,

MINING - Manufacture of Ferromanganese in Sandur State - Collector's Report - Submitted.

Madras L.Dis.L.5218/49 Dated 3-12-49.

From

Sri N.C.Thomas B.A.,
Joint Secretary, Board of Revenue.

Sri V.N.Kudva.,I.C.S.,
Commissioner of Commercial Taxes.

Read: Govt. Endt No.94312 P & D III/49-1 dated 23-9-49.
From the Collector of Bellary Rc.12876/49 A1 d/22-11-49.

L.DIS.

Submitted to the Government.

for Joint Secretary.

To the Secretary to Government, Dev. Dept.
Copy to the Director of Industries and Commerce.

Dev. Dept.

Subd. for perusal of pp. 5-10 below. The remarks of the D. I & C. may be awaited till 28.12.49.

cp. p. 3 above
A.P. 8-12.
29.3.12
6/12/49.

Copy of Rc.12876/49 A1 dated 22-11-1949 from the Collector of Bellary to the Secretary, Board of Revenue.

Sub: Mining - Manufacture of Ferromanganese in Sandur State.

Ref: Government Endt.No.94312 P & D III /49-1 dated 23-9-49.

****

I enclose a copy of the Special Officer's report Sandur Rc.4382/49 dated 7-11-49 which deals with the points raised in letter No.I-II-36-(1) /48 dated 15-9-49 from the Government of India, Ministry of Industry and supply to the Secretary to Government, Development Department.

(True Copy.)

Copy of Ref.C.No.4382/49 dated the 7th November 1949 from the Special Officer, Sandur to the Collector of Bellary.

Minerals - Sandur - Manufacture of ferromanganese.
Ref: Your Rc.12876/49 A1 dated 26th September 1949.

I offer the following remarks on the proposals contained in paragraphs 2 and 3 of the Government of India's letter No.I.II.36(1)/48 dated 15th September 1949 to the Development Secretary, Madras.

Paragraph 2.

(i) Reduction of railway freight:

The General Sandur Mining Company wanted the railway freight reduced from Rs.15/- to Rs.6/- per ton. The sum of Rs.15/- quoted by the Company is not the railway rate per ton from anyone railway station but the average freight on rail for the carriage of one ton of manganese from either Samshalli or Sundarambancha to Marmugoa Port. This rate was obtaining in the months of May to July 48; but later the Railway administration reduced the rate with retrospective effect to Rs.11-2-3 per ton in September 1948 and the General Sandur Mining Company got relief to that extent and rebate on the freight already paid. The current year (1949) average freight is however Rs.10-1-0 per ton. I submit herewith a statement of the average ~~of the average~~ freights per ton during the years 1929 to 1948. The statement reveals that the rise in the rate from year to year has been steady. The rise about 50% over a period of 20 years covered by two world wars and steady increase in the cost of living may not be considered very high or unreasonable. In 1947, the General Sandur Mining Company had already approached the State for a reduction of the railway freight but the M & M.S.M Railway expressed their inability to abate or postpone the ~~xxx~~ enhancement as their working expenses had increased. Further reduction to Rs.6/- suggested by the Company may not be conceded by the Railway Board under the present economic conditions and all round increase in working expenses.

(ii) Levy of export duty of Rs.2-0-0 per ton:

This is a matter of All India Policy and has far-reaching implications on the Central Finances. At the present moment, the Government of India is levying 15% AD VALOREM customs duty on manganese of all grades shipped out of India. This imposition worked out to an average of Rs.5/- per ton in 1948-49.

Manganese ores containing more than 42% manganese are classed as high grade while the lower percentage are called low grade ores. The bulk of the manganese mined in Sandur area is said to be largely of the lower grade. The higher grade has not been located in any large formations. I enclose a statement of the exports for the last 20 years with the percentage of manganese according to figures maintained by the General Sandur Mining Company.

Contd Pg 2

The statement would show that manganese of the lower grade are exported in quantities larger than the higher grade variety. Manganese of the higher grade is said to have a wider market in the world than the lower grade. The General Sandur Mining Company according to this is selling the lower grade ore, to sister concerns in France and Belgium where they have created a market during its long lease in Sandur from 1905 to 1948. The explanation of the Company now is that the deposits of the higher grade in Sandur are dwindling and while the lower grade manganese has a limited market. Other countries like South Africa, Russia and Brazil offer manganese at competitive rates and therefore the Indian ores on which they have invested heavily would not sell due to heavy cost of transport and customs duty. The Company want a reduction to Rs.2/- per ton of the Customs duty, so that the lower grade manganese ore of Sandur may find a favourable market in the world. This is again a matter of high policy with the Indian Government. If the duty on ~~high~~ lower grade may be reduced, the duty on higher grade will have to be increased so as not to affect the Central finances. This financial adjustments can be made only by the Central Government after examining the export trade position relating to the two grades. However, I can only submit that the request for a fixation of the duty depending on the quality of the ore is only reasonable and required serious consideration in view of the fact that the immense potentialities of Sandur's mineral deposits may go unworked if the Company should close down on account of the low grade mineral becoming unmarketable in the face of world competition. Again I find that the representation by the General Sandur Mining Company was made to the Finance Minister of the Government of India in April 1948 when the AD VALOREM duty was 25%. Now that the current year's ad valorem duty is only 15% I think, the Company's difficulties are resolving, Anyhow, the question of refixing the duty on quality basis may be considered.

(iii) Formation of Indo-Belgium Company incorporated in India.

para 2, p.1 above

This will certainly be very welcome and place the Company's assets in Indian hands. The Government of Sandur had approached the Government of India for a large loan and technical help for the starting of a ferromanganese industry and offered to renew the lease of the General Sandur Mining Co. under certain conditions proposed by Mr.Manzu Subedar, the State's industrial and Economic Adviser, some of the important conditions being the Company should promote a fresh enterprise with a capital of about three crores of rupees transferring their present assets to the new enterprise and that 2/3 of the financial participation should be open to Indians. The Raja was to be given a Nazarana of Rs.10 lakhs in shares. These and other conditions were the subject of correspondence between the State and the General Sandur Mining Company till July 1948, when the India Government took over Sandur on 29th July 1948.

p1 above

Paragraph 3.

The Government of Sandur endeavoured to promote the establishment of a Ferromanganese electrical plant for the conversion of low grade ore into high grade manganese, which would be easily marketed, Their efforts to get electrical energy from Jog Power Project in Mysore and a large loan from Govt. of India could not be pushed through as the Government of India after detailed discussions at the Mineral conference held in New Delhi on 15th and 16th December 1947 decided to defer the mineral industries for sometime and put them under long terms plans. The scheme was therefore shelved at the preliminary state of investigation.

sd.T.K.Jayarama Ayyar,
7-11-49.
Special officer, Sandur.

True Copy.

19/

THE GENERAL SANDUR MINING CO., LTD.,

Statement showing the tonnage and analysis of manganese ore railed from the Company's loading points to Mormugoa Port and thence exported to Europe and Japan.

Year	Tonnage exported.	Average analysis of manganese content.
1927	109,481	39.41
1928	144,713	38.45
1929	137,554	39.83
1930	143,740	40.15
1931	164,819	40.02
1932	99,824	40.97
1933	106,854	40.26
1934	108,053	39.73
1935	153,904	38.28
1936	103,253	39.11
1937	166,658	38.80
1938	116,328	38 .80
1939	104,422	39.38
1940	53,025	39.68
1941	10,115	40.95
1942	0	
1943	0	No exports made due to war.
1944	0	
1945	0	
1946	40,037	39.29
1947	50,820	39.33
1948	31,467	39.72

(True Copy.)

AVERAGE RAIL FREIGHT PER TON FROM SENDERAM BENCHA AND SAMEHALLI TO MORMUGOA FROM 1929 to 1949.

Year	Per ton. Rs. As.	
1929	7- 1.34	
1930	6- 10.79	
1931	6- 13.39	
1932	5- 10.92	
1933	5- 0.03	
1934	4- 15 81.	
1935		
1936	5- 8.40	
1937	5- 8.46	
1938	6- 3.49	
1939	6- 2.89	
1940	7- 14.22	
1941	8- 1 .98	
1942	0	No exports made during the war: Loss sustained during
1943	0	these years amounted to £ 32,335-0-0. During the war
1944	0	period the Company's mines have been kept going on a
1945	0	care and maintenance basis to avoid excessive deterio- ration of Plant and machinery and to retain a nucleus of personel. Dead and Surface rents were regularly paid to State during those years: Fervent appeals were made to the State for reduction or concession in Dead Rents etc.
1946	8- 3.79	
1947	9- 5.34	
1948	11- 2.25	
1949	10- 1.16	

True Copy.

for Joint Secretary.

4/3/49

THE GENERAL SANDUR MINING COMPANY LIMITED

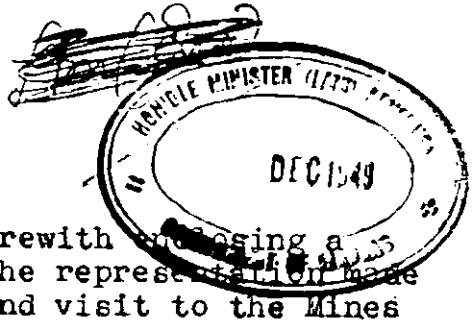
(Incorporated in England)

TELEGRAMS: GESAMICO' SANDUR

SANDUR P. O. (Bellary District)

No. M/271/49 5th December 1949.

The Hon'ble Mr. H. Sitarama Reddi,
Minister for Land Revenue and Labour,
Government of Madras,
Fort St. George.
MADRAS.



Honoured Sir,

We are herewith enclosing a Memorandum embodying the representation made to you, during your kind visit to the Mines on the 3rd instant.

The Company will be grateful if the Madras Government will kindly consider the representation and obtain for us early relief.

As instructed we are sending a copy of this letter and the Memorandum to the Secretary to Government, Development Department, Government of Madras.

We remain,

Yours faithfully,

MANAGER.

for The General Sandur Minigg Co.Ltd

15/8

MEMORANDUM TO THE MADRAS GOVERNMENT FROM THE GENERAL SANDUR MINING COMPANY LIMITED SANDUR.

The General Sandur Mining Company Limited is the largest mine operator and exporter of low grade manganese ore in India. The Company has been functioning since 1907, and a regular market for its characteristic manganese ore has been established on the Continent. The Chief buyers of the ore mined by this Company are consumers in the same financial group as this Company. Of late, however, owing to the irregularity of the supply of ore from the Sandur mines, owing to the restricted export policy of the Government, the permanent buyers have been forced to make their advance purchases from elsewhere. Sellers from Brazil, South Africa the Gold Coast and Russia have made capital of this and have not been slow to grasp the opportunity to displace Indian low grade manganese ore from its hitherto secure pedestal. On account of the excessive price of the Indian Ore by reason of high transport charges, export duty etc, foreign competition has increased to the detriment of Indian Manganese.

In the case of the C.P. Ores, conditions are quite different, as this high grade ore can command foreign markets by virtue of its fine quality. This is hardly the case with the Sandur ore, whose export quality averages only about 40% manganese. It is only on account of the regular supply of constant grade and mixings, in which the company have always scrupulously maintained a high standard of efficiency, it was possible to maintain markets for this low grade ore over the past 40 years. Recently, however, the irregular supply and the price factor have played havoc with these markets.

After the last war, when export from the Sandur mines had completely stopped strenuous efforts were made to rehabilitate the mines. Schemes of expansion were undertaken and a production rate of 10,000 tons per month was attained. Unfortunately, although production was maintained, other difficulties came in the way of export of this tonnage. When there were wagons, there were no permits; and when there were permits there were no wagons. This vicious circle has told on the economy of the company and the mines have been forced to reduce their output by one half. This, naturally, meant the removal of more than half the labour strength. This was, no doubt unfortunate, yet inevitable.

Small exporters of manganese are taking advantage of the peculiar conditions obtaining, to trouble the manganese market to the detriment of manganese prices.

In 1946, the Consulting Engineer of this Company, Mr. A. Godefroid, was sent out to India by the Company. A Scheme for the processing of low grade ore (30 to 37% Mn) at the minehead was a result of this visit. The scheme was vetted by the Central Government, whose Mineral Adviser, Dr. D.N. Wadia described the scheme as "a part finder to other metallurgical industries in India" All plans were finalised, but due to the change of Government policy, and in the view of the conditions now obtaining, the scheme has had to be indefinately postponed.

The higher grade of the Sandur ores about 38 to 42% manganese (Sandur A grade) will soon be exhausted leaving only the lower grade ores "Sandur B grade" about 30 to 37% manganese. Unless these lower grades are made marketable the result will be obvious.

It is in this context that the Company now desires to approach the Government for their help and co-operation, in the interest of the lower grade manganese and ultimately in the interest of Indian manganese.

Railway Freight

The present rate of railway freight which is about Rs 10/- per ton over a distant of 276 miles to Mormugao to be reduced to about Rs 8/- for the Sandur A grade and not more than Rs 6/- per ton for the Sandur B grade. If the Indian Railways show this concession it will be possible to approach the Shipping Companies, for a similar concession.

In this connection, it may be mentioned, that during the world crisis of 1931/32 the company had made a similar request to the railways in order to save the company from the low prices resulting from the dumping tactics of the Russian Manganese Exporters. The railways granted this concession and restored the rate after the crisis was over.

Further, in South Africa today, the railways are granting special rates for the transport of manganese, as a result of which the South African Exporters have exported nearly 800,000 tons and are slowly capturing the markets on the Continent.

A reduction of rate is more particularly essential in the case of the Sandur B grade if this quality is to be marketted at all. Discarded ore will then be marketted and will provide further revenues to the Company and to India.

In order to distinguish the difference between the 'A' and 'B' grade exported from these mines arrangements have been made to stack the ores separately at Mormugao and the wagons which carry the ore will be marked with distinct colour labels indicating each grade. Further the invoices of the company will show clearly the tonnages of different qualities sold. Moreover, the company could not possibly sell the B grade as A grade, since the buyers will only purchase on guarantee of analysis.

The present high freight charges of the railways do not allow the Iron ores of the company to be marketted. In 1939 the company made trial sales of about 14,000 tons to Japan, but owing to the excessive cost factor the price could not be competitive. It is requested, therefore, that in the case of Iron ores the railway freight be reduced to Rs. 4/- per ton.

Export Licences.

As explained above the export licencing policy of the Government has caused much hardship to the company during the past year. In some cases licences were refused after contracts have been made and in others licences were granted only after much delay, resulting in the buyers purchasing from elsewhere. But it is hoped that the Government will revise this policy, at least in the case of the Sandur ores, which by reason of their low manganese content need not be conserved in the interest of National strategy, and allow unrestricted export.

Export Duty.

The present 15% Advalorem Duty on manganese requires maintanance of very complicated accounts involving practical difficulties for both the company and Customs authority. Moreover, the duty as such is already too high even for the Sandur 'A' Grade, and it is requested, that this duty be reduced and converted to a flat rate of duty per ton exported.

If the Sandur B grade can be made marketable absolute exemption of export duty is essential

If it is considered difficult to administer this suggestion then it is requested that a flat average duty, for all grade of Sandur ores be levied at not more than Rs 2/- per ton.

The present Advalorem duty works out to about Rs 5/- per ton on the prices of Sandur A grade. This is only so because of the high prices obtaining during the last year. This cannot be, however, taken as the average. Indeed, the prices are steadly declining on account of the threatening world crisis, and also because competitors from other countries, mainly South Africa, have developed their export of manganese. However, the main factor for declining world prices of manganese is this. All works normally maintain a stockpile of the ore and during the war these stocks were completely exhausted and had to be rebuilt as soon as possible, so as to ensure the continuity of their works. Hence, they bought the ore at whatever prices were quoted. But, now, having rebuilt their stocks, they will no longer purchase at high prices and even the tonnage now purchased is limited to their immediate requirements. This, naturally means the manganese prices will decline the export duty at present is calculated on the actual tonnage exported from the country and does not take into consideration the moisture content in the ore. This moisture content is sometimes as high as 5% and sometimes more. This percentage calculated on an annual export tonnage of about 100,000 tons is quite considerable. It is requested that a rebate on this tonnage be granted, since it virtually means that the company is paying an export duty of about Rs. 5/- per ton of water exported. This remark has been made already many months ago by the Head Office of the Company, Brussels.

Purchase of equipment for maintenance.

Many years of working have necessitated maintenance repairs to the Company's ropeways rolling and other stocks. When the Company approached the Government for Import licences to purchase new tipping wagons to replace old stock, from Belgium, they were directed to make these purchases in India. Much against their will, 24 tipping wagons were bought in Calcutta. These wagons, however, lasted only a week or so, while as, there are old wagons purchased in Belgium made of special steel some 20 years ago which are still giving satisfactory service. The loss of the company in this regard can easily be appreciated. The company requests, therefore, that no hindrance be placed in their way for purchase of efficient and suitable material from other countries, if they so desire.

Double Taxation.

The Company, in addition to the export duty, is still paying an additional duty of annas 3 per ton levied by the late Sandur Government. As this virtually amounts to double taxation the Company requests that this duty be revoked immediately and the amount paid as duty since the date of the merger of the State be refunded.

Explosives.

Much difficulty is experienced in obtaining explosives required for day to day mining operations at the mines. It is requested that suitable instructions be issued to the proper authority in the District to supply the necessary licences in time whenever required.

Difference in Policy between the C.P. Ores and those of Sandur

It is necessary to appreciate that conditions so far as the C.P. Ores are concerned are essentially and always different from those that apply to the Sandur ores. The Sandur manganese is essentially of lower grade than the ores of the C.P.M.O., whose

manganese average more than 50% manganese. The manganese of C.P.M.O. is exported mainly for the manufacture of Ferro-Manganese in England, and obtains a very much higher selling price by virtue of its high manganese content. The Sandur ores are used mainly for the purpose of desulpherising in blast furnaces.

To illustrate the difference in the price factor between the ores of Sandur and those of the C.P., the calculation given below will provide ample proof:-

Sandur ores (40% M.,

38 pence x 40 units — 1520 pence per ton

C.P. Ores (50% Mn)

40 pence x 50 units — 2000 pence per ton.

Difference between C.P.M.O. and Sandur

2000 d. - 1520 d. = 480 pence = L 2/- per ton

It will be realised that while as probably the C.P. ore may be able to bear even further taxation, the Sandur ores are already overburdened. It is necessary, therefore, to have different policies for these two Companies.

In order to illustrate the grave crisis that threatens the Sandur Mines, an extract of a letter from Belguim dated 18 November 1949 is given below:-

> "If India will remain in a position to export the mineral of the required grade, it is desirable that no hindrances are placed in the way of licencing, or else the competition from the South Africans will kill our mines."

The above extract concentrated the problem in a nut shell.

Sent to Delhi in original

As Mr Albert Godefroid mentioned in his letter dated the 23rd November 1949 to the Secretary, Ministry of Industry and Supply, the company dislikes complaining, but, unfortunately, it is placed in an extremely difficult position, on account of its low grade ores and unless this is remedied the condition of the company will, indeed, become critical.

It is therefore, in the mutual interest of India and the Company to provide immediate relief.

A Holmes

I

23

Dev. Dept.

Memo. No. 120120 Ard III/49-2, dated 18.1.50

Sub: Explosives - Supply to the General Sandur Mining Company Ltd., Sandur for mining operations.

An extract from letter no M/271/49, 857/2/ep recd. from the G.S.M.C. Ltd., Sandur is forwarded to the Collr. of Bellary, Bellary. He is requested to ~~afford all accord necy.~~ facilities to the Company ~~for the supply~~ as regards the supply of explosives for their mining operations in Sandur.

2 dft/s
Pl. sanction
18/1/50

A mp. 19 CF
+ FP 13 CF

18/1/50. 21.1.50.

21/1/50

The Collr. of Bellary,
Bellary.

Copy to the G.S.M.C. Ltd., Sandur w.r. to their
Lr. no. M/271/49, 857/2/ep
1 CF

PTO

211

II

Letter no. 120120 A+D II/LL-3, dated 19-1-50

Do

The Manager,
The G.S.M.C. Ltd.,
Sandur.

Sir,

Ref: your Lr. no. M/271/49 & 5/12/LL addressed to the HH (LR), Madras. — ✓ p.13Cf

I am directed to acknowledge receipt of the letter cited and to state that the Collr. of Bellary has been asked to afford all facilities for the supply of explosives for the mining operations of your Company in Sandur. As regards your other requests, I am to state that the matter is under correspondence with the Govt. of India and you will be informed of the decision taken in the matter.

Draft I above

LF I + I f. ✓
1 cs ✓

in due course.

8/7/50 — 5/7/50 — 7/7/50

4/-

Low 14012 P&D III/50 20/7/50

DEPARTMENT OF INDUSTRIES AND COMMERCE.

From
Sri L.T.Raju, Bar-at-law, I.C.S.,
Director of Industries & Commerce,
"Mackays Gardens", Madras 6.

To
The Secretary to Government,
Development Department,
Madras 9.

-X-X-X-X-X-X-X-X-X-X-X-X-X-X-X-X-X-X-X-X-X-X-X-X-X-X-X-X-X-X-X-

No. 5841/A-3/49 dated 13----2----1950.

TRAVANCORE GOVT. SECRETARY TO GOVERNMENT 18 FEB 1950 DEVELOPMENT DEPARTMENT

Sir,

Sub: Industries - Manufacture of Ferromanganese in Sandur State - Proposals by the Sandur Mining Company Ltd., Remarks.

Ref: 1. Government Endorsement No.94312.P&D.III/49-1 dated 23-9-1949.
2. Government Memo No.101055 P&D III/49-2 dated 7-11-1949.
3. Government Memo No.94312 P&D III/49-2 dated 30-11-1949.

I have been asked to offer my views on the following requests of the General Sandur Mining Co., Ltd., contained in the enclosures to the Government Endorsement and Memos cited above.

Request No.1: Reduction of freight rates charged for transport of manganese ore from Rs. 15 to Rs.6 per ton, and

Request No.2: Reduction of export duty levied on manganese ore from Rs.3/- to Rs.2/- per ton.

The company contend that the reserves of "A" Grade ore containing 38 to 42 percent manganese still available for exploitation in the Sandur area amount to less than 5,00,000 tons, that these will be exhausted by the year 1953, that there afterwards only 'B' grade ore containing 30 to 37 per cent manganese will be available for export and that the marketing of such inferior ore will be difficult in the face of competition from Russia and Brazil unless the above concessions are granted.

According to the report of the survey of the Sandur area conducted by the Geological Survey Department during 1946-47 the reserves of manganese ore containing over 38 per cent manganese available for mining in that area have been estimated at 16,28,950 tons. The contention of the General Sandur Mining Company that the reserves of such grade of manganese ore amount to less than 5,00,000 tons and that they are therefore likely to be exhausted by the year 1953 cannot therefore be accepted. It is envisaged that at the rate at which the ores in this area have been exploited hitherto, namely, about 1,15,000 tons per annum, the existing reserves of high grade ore will sustain exploitation for another 15 years. The question of having to mine 'B' grade ore in the Sandur area is not likely to arise in the near future and there does not therefore appear to be any immediate necessity for grant of reduced railway freight and export duty facilities requested for by the company as being necessary for marketing inferior grades of manganese ore. I may add that the Railway Administration have reduced the rates of freight from September 1948, and that the current freight rate is only Rs.10-1-0 per ton. This freight rate cannot be considered to be excessive in the context of the general inflation prevailing at present.

6 Request No. 3: Extension of the existing mining lease in favour of the company by another seven years, as a measure of compensation for the loss of production during the war years 1939-45 when exports of manganese ore ceased. This request seems primafacie reasonable in as much as the company was precluded due to war from working the mines during 1940-45.

7 Request No.4: Renewal of mining lease for a further period of 30 years and grant of monopoly of metallurigical rights within a radius of 50 miles from the plant which the company propose to establish in Sandur for the manufacture of ferro-manganese.

8 This request is connected with the proposal of the company to establish a plant for the manufacture of ferro manganese in the Sandur area. The Company urge that the grade of manganese ore available at Sandur is not suitable for the production of ferro-manganese of standard composition, that they however have evolved a scheme for utilising it for production of ferro-manganese of a grade for which they could find a market in the Works of their financial group, and they would be prepared to establish a plant for the manufacture of ferro-manganese if they are granted the facilities mentioned above in respect of mining lease and monopoly rights, and if they are in addition permitted to form an Indo-Belgian Company reserving 51% of the share capital and the full management of the undertaking in their own hands.

9 In the absence of any details of the scheme the company allege having evolved for the manufacture of ferro-manganese, I am unable to offer any comments on the soundness or workability of the scheme. The proposal would however deserve serious consideration since the increased value of the product when exported will bring in a greater return of foreign currency than the export of the ore. I suggest therefore that the Government of India may be asked to have the matter examined by their technical experts.

10 In the Government of India letter received with the Government endorsement first cited, they have asked for information regarding the progress, if any, made with regard to the scheme for the manufacture of ferro-manganese by electric furnace process proposed by the Sandur Government. I understand that the Government of Sandur endeavoured to promote the establishment of such a plant, but having failed to secure electrical energy from Jog Power Project in Mysore, and a loan from the Government of India, they abandoned the scheme.

11 As regards the request of the General Sandur Mining Co., Ltd., (referred to in the Government Memo second cited above) for cancellation of levy of customs duty on manganese ore removed from Sandur into Bellary District, I enclose herewith a copy of the letter No. Rc.12876/49 A.1 dated 2-12-49 received from the Collector of Bellary. Now that Sandur has merged with the Madras State it would be most fit to abolish the levy of customs duty, even if such levy should be valid in law. I would also support the request of the company as a measure calculated to promote mineral development in Sandur area.

End. (Letter of Albert Godefroid in original)

22/12/49/17.2.

for DIRECTOR OF INDUSTRIES AND COMMERCE,
MADRAS.

Office of the Director of Industries
and Commerce, Madras, dated 14-2-50.

Copy of the letter:—

Sub: Industries - Manufacture of Ferro-Manganese in Sandur State.
Ref: Your Rc.No.5841 A.3/49 dated 18-11-49 and 24-11-49.

The report referred to in Government endorsement No.94312 P ' D /49-1 da ed 23rd September 49 was despatched on 24-11-49. I am sure that it might have reached you by now. In continaution of my report, I forward herewith a copy of Mr.Codefroid's letter to t.e Secretary to Government, Development Department, Madras.

2. In regard to the rate of payment per ton of manganese ore removed from Sandur State the Special Officer, Sandur reports that the General Sandur Mining Company has been paying customs duty of Rs; 0-3-0 (Three annas) per ton of manganese raied out of S andur State. A copy of my recomendation rade in Rc.5863/49 (CC) dated 2-6-49 to the Government in respect of the removal of tolls and customs ~~ix~~ duties is enclosed.

—x—

No.I-II-36(1)/48.
Government of India.
Ministry of Industry and Supply.
.....
New Delhi, the 25th March, 1950.

To

The Secretary to the Government of Madras,
Development Department, Fort St. George,
Madras.

THIRD ASST. SECRETARIAT TO GOVERNMENT
27 MAR 1950
DEVELOPMENT DEPARTMENT

Subject:-Manufacture of Ferro-manganese in Sandur State.

.....

Sir,

I am directed to invite a reference to this Ministry's letter No.I-II-36(1)/48 dated he 15th Sept., 1949, on the above subject, and to request that the views of the Madras Government regarding the development of the manufacture of Ferro-manganese in Sandur and the progress made in that connection may kindly be reported to this Ministry at a very early date.

Yours faithfully,

(B.B.Saksena)
Deputy Secretary to the Govt. of India.

Letter no [illegible] dated 28.3.50

To

The Secy. to the Govt of India,
Ministry of Industry and Supply,
New Delhi

Sir, Subl. Manufacture of Ferro-manganese in Sandur State.
Ref: Sri B.B. Saksena's Ltr no. I-II-36(1)/48, dt 25.3.50

I am directed to state that the matter is under consideration of this Govt. and that a reply will be sent as early as possible.

Yours faithfully,

Note:-

The main file was sent to E.A. on 27/3/50 for remarks and the file has not been received.

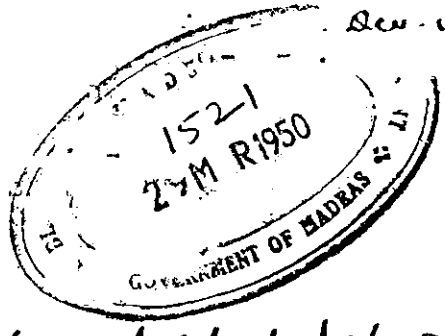
32/ back in the section: An interim reply may be sent to India ..... Draft above is for approval. S.A. may see this after issue. -p i above

27/3/50
27/3/50.

Issued.

S.A (ai)

27/3/50 S.A (ai)



Dev. no. M 94312 Pub/49-7
27/3/50.

The file referred to is linked below.
A copy of the reply to India with the enclosures may be sent to this Dept. for reference

29.3.50

Dev. 28556 Addn)
30/3/50

Dev.

Imb (Eds) no.
No. 1521-B1/50
29.8.50
Main file.

DEV.DEPT.

Letter No.94312-P&DIII/49- 6 Dated 15.4.50

To

The Secretary to the Government of India,
Ministry of Industry and Supply,
NEW DELHI

Sir,

Sub: MANUFACTURE OF FERRO-MANGANESE IN SANDUR STATE

Ref: (i) Sri S.G.Ramachandran's Lr.No.I-II-36 (1)/48 dated 15-9-49, and Sri B.B. Sakesana's letter dated 25-3-50.
(ii) This Dept. letter No.94312-P&DIII/49-6 dated 28-3-50.

I am directed to state that the Government of Madras have examined the proposals put forward by the General Sandur Mining Company, Ltd. and offer the following remarks thereon:

Reduction in railway freight. The General Sandur Mining Co.Ltd have requested that the railway freight may be reduced from Rs.15/- to Rs.6/- per ton. It has been reported that the sum of Rs.15/- quoted by the company is not the actual railway rate per ton from any one railway station, but that it is the average freight for the carriage of one ton of manganese from either Samehalli or Suddarambencha station to Mormugoa Port. This was the rate in force in July 1948. But in September 1948 the railway administration have reduced the rate with retrospective effect to Rs.11-2-3 per ton and the General Sandur Mining Company, Limited got relief owing to the reduction made in the rate of freight. The average freight rate for the year 1949 is only Rs.10-1-0 per ton. The Government of Madras therefore consider that the present freight rate cannot be considered to be excessive in the context of the general inflation prevailing at present.

Levy of export duty. I am directed to enclose a copy each of reports of the Special Officer, Sandur and the Director of Industries and Commerce, Madras and to say that the Government of Madras have no special remarks to offer on this question.

p.t-o

Formation of an Indo-Belgian Company. I am directed to state that the Government of Madras welcome the proposal of the company for the manufacture of ferro-manganese alloy in the Sandur region. I am therefore directed to request that necessary steps may be taken to have the scheme of the General Sandur Mining Co. Ltd. for the manufacture of ferro-manganese alloy in the Sandur region examined by the technical experts of the Government of India as early as possible.

As regards the point raised in para 3 of the letter first cited I am to invite attention to the last para of the letter of the Special Officer, Sandur (copy enclosed).

y.f.

Copy to the D.I.& C, Madras-6
w.r. to. his lr.5841A3/49 dated 13-2-50.
" to the Board of Revenue, w.r.to its L.Dis.No.6218/49 dated 3-12-49
" to the Collector of Bellary, Bellary, w.r.to his lr. RC.12876/49-A1, dated 22-11-49.
Public(E& S)Department, with reference to their U.O.No.1521-B1/50, dated 29-3-50.

35

THE GENERAL SANDUR MINING COMPANY LIMITED

(Incorporated In England)

TELEGRAMS:
'GESANMICO'
SANDUR

SANDUR P. O.
(Bellary District)

No. G/25 12/4/50 19 7/4

From

Shrimant D.B. Raje Ghorpade,
Administrative Adviser to
The General Sandur Mining Co Ltd.,
Shri Datta Villas,
Gajendragad P.O.,
Dist Dharwar.

Dy 33652 17/4

Transferred from J
on 26/4/50 SP

To

The Development Secretary,
Government of Madras,
Madras.

Sir,

I have the honour to enclose herewith a copy of a letter addressed to the Hon'ble Mr. Sitaram Reddi, Minister, Government of Madras. p. 37 below

A copy of the Memorandum enclosed with the letter to the Minister dated 5th December was also sent to you. p 13 above

It is requested that early attention may kindly be given to the matter.

Thanking you,

Yours faithfully,

D.B. Ghorpade.

Encl. Os. 118715 28/12/49

COPY.

37

No G/24 /4/50

From

Shrimant D.B. Raje Ghorpade,
Administrative Adviser to
The General Sandur Mining Co Ltd.,
Shri Datta Villas,
Gajendragad P.O.,
Dist Dharwar.

To

The Honourable Mr. Sitaram Reddi,
Minister,
Government of Madras,
Fort St George,
Madras.

p 13 below

Dear Sir,

May I please refer you to letter No /271/49 dated 5th December 1950 from the Manager of The General Sandur Mining Company, Sandur, addressed to you ?

If you will recall, Sir, this letter was written after your visit to the Mines in December, and after your very kind hearing given to us to lay the difficulties of the Company before your sympathetic self. You very kindly promised to bring the matterto the notice of the concerned Minister for his consideration.

I request you please Sir, to be good enough to accelerate the matter and grant the Company early relief.

While the transport position has eased to some degree, the question of Export Duty, high Railway frieght etc lie heavily on the Company.

Craving your kind indulgence and early relief in the matter.

Yours faithfully,
-Sd-

B. B. Ghorpade.

39

THE GENERAL SANDUR MINING COMPANY LIMITED

(Incorporated In England)

TELEGRAMS :
'GESANMICO'
SANDUR

SANDUR P. O.
(Bellary District)

No. G/24 Same as p. 37 above /4/59 19

From

Shrimant D.B. Raje Ghorpade,
Administrative Adviser to
The General Sandur Mining Co Ltd.,
Shri Datta Villas,
Gajendragad P.O.,
Dist Dharwar.

To

The Honourable Mr. Sitaram Reddi,
Minister,
Government of Madras,
Fort St George,
Madras.

p. 13 above

Dear Sir,

May I please refer you to letter No M/271/49 dated 5th December 1950 from the Manager of The General Sandur Mining Company, Sandur, addressed to you?

If you will recall, Sir, this letter was written after your visit to the Mines in December, and after your very kind hearing given to us to lay the difficulties of the Company before your sympathetic self. You very kindly promised to bring the matter to the notice of the concerned Minister for his consideration.

I request you please Sir, to be good enough to accelerate the matter and grant the Company early relief.

While the transport position has eased to some degree, the question of Export duty, high Railway frieght etc lie heavily on the Company.

Craving your kind indulgence and early relief in the matter.

Yours faithfully,

D.B. Ghorpade.

Dev. Dept.

Letter No. 94312 P&D III/49-9, dated 26.4.'50

To

Sri. D.B. Raje Ghorpade,
Administrative Adviser to the General Sandur Mining Company Ltd.,
Shri Datta Villas,
Gajendragad. P.O., Dharwar District.

Sir,

Sub: Representations of the General Sandur Mining Co. Ltd.

Ref: (i) Company Manager's Lr. No. M/258/49, dt. 23.11.'49 and No. M/271/49, dated 5/12/49 addressed to HR(DL), Madras.
(ii) This Dept. Lr. No. 120120 P&D III/49-3, dt. 19.1.'50
(iii) Your Lr. No. G/25, dated -4-'50

I am directed to invite attention to the Correspondence cited and to state that the views

of the State Govt on the ~~suggestions~~ representations of the Company have already been ~~forwarded~~ communicated to the Govt. of India.

pgs 3 - 2 + 1

X(X)
21/12/10
24/12/10

24/12/10

THE GENERAL SANDUR MINING COMPANY LIMITED

(Incorporated In England)

TELEGRAMS
'GESAMI'
SANDUR

SANDUR P. O.
(Bellary District)

8 MAY 1950

No. G/26 6th May 1950.

From
Shri D.B. Raje Ghorpade,
Administrative Adviser to the G.S.M. Co Ltd.,
Shri Datta Villas,
Gajendragad. (Dist Dharwar).

Dev. 40365 P&Dev 50
8/5/50

To
Shri R.M. Sundaram, I.C.S.,
Secretary to Government in the Development Department,
Government of Madras.

Sir,

Sub:- Representations of the General Sandur Mining Co Lt
Ref:- Your letter No 94312- P&DIII/49-9.

pp 41-42 Cf
2 (M) - GO Ms 181 Dev 4-5-50

Your letter referred to above received with thanks.

pp 41 42 Cf (M)

It has been stated that the views of the State Government have been communicated to the Central Government. Would it be possible to kindly supply me with a copy of this communication? It would be of immense help if I am informed as to which ~~xxxxxxxxx~~ Ministry of the Government of India, I should address in the matter.

It is becoming important that the representations be speedily dealt with, since the advatages offered by the Manganese deposits of Portuguese India,(in that these mines have less railway freight to pay and no export duty), are being exploited to the detriment of Sandur manganese.

It is requested that the State Government be kind enough to remind the Central Government in the matter.

Yours faithfully,

D.B. Ghorpade.

43

Dev. Dept.

Letter no. 40365 P+D III/50 - 1, dated 11.5.'50

To

Sri. D.B. Raje Ghorpade,
Administrative adviser to the G.S.R. Co. Ltd.,
Shri Datta Villas,
Gajendragad. (Dharwar Distt)

Sir,

Sub: Representations of the General Sandur Mining Company Ltd.

Ref: Your Ltr. no. G/26, dated 6.5.'50

In reply to your letter cited, I am directed to state that the Ministry of Industry and Supply (of the) Govt of India may be addressed in the matter. It is regretted that a copy of this Govt's communication to the central Govt cannot be furnished to you as it is

(14)

(47)

THE GENERAL SANDUR MINING COMPANY, LIMITED.

(Incorporated in England)

ALL CORRESPONDENCE TO BE ADDRESSED TO THE MANAGER

TELEGRAMS : 'GESANMICO' SANDUR.

CODES : BEDFORD MCNEILL

SANDUR P.O.
BELLARY DISTRICT.

No. M/116/50 — 13th May 1950.

A/ S. Com.L which is this, should? Hon 17/5 - 19-5-50

From:- Manager
General Sandur Mining Co. Ltd.,
P.O. SANDUR
BELLARY DISTRICT.

Dev 4699 Rd 15/5/50

DEPUTY SECRETARY TO GOVERNMENT 19 MAY 1950 DEVELOPMENT DEPT.

To:- Sri R.M. SUNDERAM. I.C.S.,
Secretary to Government
Fort St. George
MADRAS.

Sir,

Sub- REPRESENTATIONS OF THE G.S.M.CO.LTD. REGARDING LEASE AND SCHEME UNDER COVER OF OUR LETTER M/258/49 DATED 23-11-49.

~ pp 3 Cf (M)

GO 1811 Dev 4/5/50

Ref- (1) Your letter No.120120-P&D-111/49-3 dated 19-1-50 addressed to Manager, G.S.M.Co. Ltd., SANDUR.

x pp 24-25 Cf (M)

(2) Your letter ± No.94312-P&D 111/49-9 dated 26th April 1950 addressed to Sri D.B. Ghorpade Shri Datta Villas, Gajendragad P.O.(Dist Dharwar

± pp 41-42 Cf (M)

As you have stated in your letter θ Ref (2) that the views of the State Government on the representations of this Company have already been communicated to the Government of India and as promised by you in Ref (1) that "you will be informed of the decision taken in the matter in due course" we request you to convey to us the views of the State Government on these important representations at your earliest convenience.

θ pp 41-42 Cf (M)

✓ pp. 24-25 Cf (M)

Yours faithfully,

MANAGER.

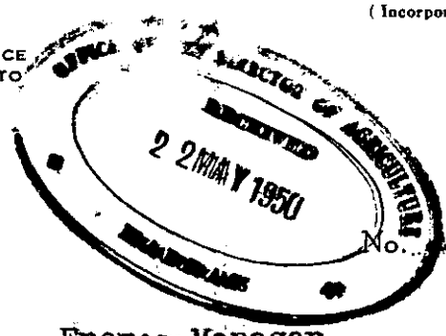
Copy to: The Hon'ble H. SITARAMA REDDY
Minister of Land Revenue
MADRAS.

THE GENERAL SANDUR MINING COMPANY, LIMITED.

(Incorporated in England)

ALL CORRESPONDENCE TO BE ADDRESSED TO THE MANAGER

TELEGRAMS : 'GESANMICO' SANDUR.
CODES : BEDFORD MCNEILL



Same as P. L above

SANDUR P.O.
BELLARY DISTRICT.

No. M/116/50

13th May 1950.

R

Dev 44982 Pers
23/5/50

From:- Manager
General Sandur Mining Co. Ltd.,
P.O. SANDUR
BELLARY DISTRICT.

To:- Sri R.M. SUNDERAM. I.C.S.,
Secretary to Government
Fort St. George
MADRAS.

Sir,

Sub- REPRESENTATIONS OF THE G.S.M.CO.LTD. REGARDING LEASES AND SCHEME UNDER COVER OF OUR LETTER M/258/49 DATED 23-11-49.

Ref- (1) Your letter No.120120-P&D 111/49-3 dated 19-1-50 addressed to Manager, G.S.M.Co. Ltd., SANDUR.

(2) Your letter No.94312-P&D 111/49-9 dated 26th April 1950 addressed to Sri D.B. Ghorpade Shri Datta Villas, Gajendragad P.O.(Dist Dharwar)

As you have stated in your letter Ref (2) that the views of the State Government on the representations of this Company have already been communicated to the Government of India and as promised by you in Ref (1) that "you will be informed of the decision taken in the matter in due course" we request you to convey to us the views of the State Government on these important representations at your earliest convenience.

Send D'fte Dev

Yours faithfully,

MANAGER.

Copy to: The Hon'ble H. SITARAMA REDDY
Minister of Land Revenue
MADRAS.

LEASES & SCHEME

Date 23rd November 19[illegible]

ALBERT GODEFROID, Consulting Engineer

To:
The Government of India, Ministry of Industry and Supplies.

Gentlemen,

Sub: Manufacture of ferro-manganese in the Sandur State.

Referring to your letter No.I.II.36(1)48, dated 15-9-49 to the Secretary to Government, Development Department, I would take the opportunity of my presence in India for a few weeks, to submit you my personal remarks on the subject, since my name is mentioned in the letter under reference.

According to what I can observe, India is now suffering a severe loss by other mines' competition, and this not only from Russia and Brazil, but chiefly from South Africa and the Gold Coast, who promote their exports while ours are hampered by sterile and rather prejudicial formalities, causing losses of time and of opportunities on account of the untimely grant of licences; by too heavy export duty and rail-freights for low grade ore; by too frequent scarcity of trucks for the railings to the harbour; by too rigid application of regulations, etc.

I do not want to criticise for the purpose of criticism. I only give you frankly the opinion of the old experienced man that I am, with a view to help our mutual interests. Since last year, appreciable progress has been made, but it remains much to do and it is urgent to act.

Of course, the Indian Budget has to find regular and important resources, but it is a mistake to cut the corn before it has grown and ripened.

The best way to feed the Budget is to promote the development of exports by allowing the Mines a possibility of low cost price in mining low grade ores which are not useful to the country. The final profit will be the larger and the Budget's share in this profit will be a substantial compensation. Meanwhile, the royalties and minor taxes are giving a tangible payment.

The Railway tariff has been moderated already, since I made the remarks referred to in the above mentioned letter. Instead of Rs 15/- it is now about Rs 10/-.

For our "A" grade of ore (38 -42% Mn), it may suit in the present economical conditions, but that grade of ore will probably be exhausted before end of 1953, date of expiration of the Mining leases held by the G.S.M.Co. According to quite recent estimations indeed, made by Mr. Holman, engineer and Manager of the Mines, less than 500,000 tons of "A" grade have been proved to remain in situ, as seen and measured on the workings. There remains, moreover, a possibility of finding a few hundred thousand tons more, afterwards, but this is not proved and is rather a guess. It is in working only that such scattered and irregular deposits like those of Sandur

can be estimated, as has been observed after many wrong supputations.

The reserves of the "B" grade of Sandur ore (30 - 37% Mn) are intact, in situ. But the transport costs are much too heavy to allow the sale of this grade with a profit. After exhaustion of the best "A" grade ore, the mines will have to be closed if a reduced tariff of (suggested) Rs 6/- per ton is not granted for the poorer grade. The same remark applies to Export Duty, which should not exceed Rs 2/- for this class of ore, instead of about Rs 5/-. This decision should be taken as soon as possible, to enable us making trial deliveries without much delay, so as to secure a market, little by little, for the "B" grade also. The difference on railway tariff and on export duty would largely be compensated by a more extensive traffic, provided no obstruction to it be made by formalities involving delays prejudicial to the works, which works must never stop, and provided also that the railway will cope with the tonnage.

Our competitors now are availing themselves of the present high selling prices, but these prices will not be maintained very long. There is, for the moment, some steadiness due to devalution, but its character is chiefly psychological. Most of the European works have indeed reconstituted their stocks and are now only covering their requirements at the rhythm of the furnaces and according to a more or less restricted programme based on the conjuncture. Their output is now rather decreasing. The U.S.A. only are not so fully provided, but they nevertheless seem less eager of manganese than one year ago. A war alone, or a fear of it, would enhance prices; we do hope to be preserved of it.

It must also be remarked, here, that a rise in prices is due to a special factor, like the sea-freight, for instance, the importance of which is so heavy on our cost price. It is obvious that, in such cases, the mineral itself derives no profit from it.

An industrial solution, for exploiting the low "B" Sandur grade of manganese has been planned in 1946 by myself, after several years of careful study.

Before that, about 35 to 40 years ago, a study had already been made by the first Directors of the Company, to make steel on the spot, but the problem was then found economically and even practically insoluble. The iron ore and manganese ore would not fail, indeed, but there is no suitable fuel to melt them, water is too sparse, limestone too bad, or too far, or too scarse, etc.

The same problem of steel making has recently been examined by American engineers: they decidedly concluded that steelmaking at Sandur is now not possible in the actual knowledge of science, on account of the fact that if Nature has been generous to Sandur for minerals, it was rather miserly for the other requisite raw materials. These Americans would not even consider working the Mines themselves, on account of their, actual state of exhaustion, and also because they are too far from their works for the Sandur grade, etc. They prefer buying high grade ore, from people, who take the risk of the too uncertain and changing conditions.

The solution, planned by myself for the "B" grade of ore, after exhaustion of the best and sole marketable quality in its natural state, was a semi-metallurgical process, which in 1946

seemed to please the [illegible] Officials of the Sandur State, including the Ruler himself.

The Scheme was then found technically suitable. It remained only to make a trial with about 1000 to 1200 tons in a European electric furnace, to ascertain the number of kilowatts required per hour and per ton of metallurgical output. We were, early 1948, just about to rail and to ship those 1000/1200 tons for the trial, when licence difficulties arose, at the same time that a deadly export duty was decided, and that higher rail-freights were imposed. Those decisions killed our scheme "in the egg". Since then, nothing could reasonably be resumed to carry it out.

Afterwards, we heard that the Sandur Government pretended to have a project to make ferro-manganese.

We perfectly know that the Sandur ore would not, in one phase, enable anybody to make the sole marketable standard ferro-manganese, testing 76 - 80% Mn, but we decided to abstain competing against the Indian Scheme, being quite certain that this Scheme could not mature and that ours alone, up to now, is likely to succeed. The Indian conception seems to have lost sight of the elementary principles which command success. To produce ferro-manganese or anything else is not enough. The whole cycle of a prosperous undertaking requires:

(Low cost price of a regular and sufficient output, giving
(a marketable quality, which can be readily sold, with a
(profit large enough to remunerate the investments, taking
(into account the amortization of the equipment and of the
(capital.

The proportion of ferro-manganese ore (50 Mn, 7 Fe)₂ in the Sandur region is insignificant: patches only, whereas to build a plant requires potentialities for many years of full working.

The 40% grade is nearly exhausted and would give only 65% Mn in the alloy, instead of 76 - 80%.

The 30% grade would give a spiegel iron with 12% Mn only, which is required by a few metallurgists only, and this in small quantities from time to time. The tonnage of this grade of ore, in the mines, however more plentiful than the two proceeding grades, is not abundant enough, and would require a quick amortization of the plant, giving a high cost price.

Consequently, in each case, no wide economical basis for the plant, difficulties for importing the lacking raw materials of suitable quality (fuel, limestone, etc), and finally high cost-price.

But, let us suppose that the said cost price would be on the spot, apparently more attractive. In any case ferro-manganese made in the Central Provinces with their plentiful high grade ore, would cost less. It would also be less expensive in the region of Tatanagar. Then what could the Sandur manufacturers do with their ferro-manganese, far from consuming works and obliged to add heavy railway-freights to their cost price? Produce for the sake of producing, without even a home market for the sale? Export it? Still more impossible: the organization of the foreign producers enables them to sell, to India, with a profit, ferro-alloys

61

made with the very ores bought from India, or imported from other sources. In exceptional cases only, (war, long strikes, etc.) the works would be compelled buying at any rate.

Conclusion: ferro-manganese of the standard grade could not be manufactured with profit in the Sandur region, on the basis of the present known elements of this vast and complicated problem.

The Scheme planned by myself in 1946 was more promising, because it was intended to make an alloy which, though more modest than standard ferro-manganese, could find a market in the very works of our financial group.

Neverthe-less, some important elements of our scheme remained to be proved economically workable with satisfaction:-

(a) We need cheap electric power. We had in view the Tungabhadra dam, but we hear that the maximum power of it will not exceed 28,000 KW, a large proportion of which is already engaged. The Mysore electric power is therefore our sole possible resource; it remains to know what the KW would cost us.

(b) The Coal problem must be solved satisfactorily. The Singareni coal would be expensive, delivered at our plant. Its quality is bad: more than 20% ash; this coal should be purified on the spot, before railing. We hear, moreover, that the source is not quite reliable: irregular, etc. Consequently, we should be free to buy from any other satisfactory source, as regards quality and cost price at mines.

(c) We require suitable limestone for the flux. We have not yet found any in or near the Sandur region. To import limestone involves a higher metallurgical cost price and more transport trouble.

(d) The water supply is another matter of fear for the dry season, ie. November - July, nine months per year. Though perhaps not insoluble, this problem requires much care.

If everything but the ore must be imported, or highly paid for, the best technical scheme in doomed to failure.

A full study requires time and experiments to avoid failure, chiefly when economical cares and complicated administrative formalities cause supplementary anxiety. We remember the trouble which, in 1912, faced the rise of Tata Ironworks, notwithstanding that they had skill and everything plentifully at hand. Our problem is now much more difficult.

We, months ago, heard rumours that our investment of a large amount of money would, as well of our experience be welcome in India, but for a short start only, after which we should be purely dismissed and asked to quit India, and perhaps also Asia. - This is not a method of promoting industrialisation here. With the world communication growing quicker every day, the horizon gets narrower, and oblige all people to work fraternally, like the limbs of a human body. It is the sole way in which we could contemplate a fair co-operation. For the sake of success and of security for our

investment, we want some guarantees, without which not even a beginning is possible.

A period, to be agreed upon, and suggested 30 years is necessary to write off our eventual investment.

It has been stated that the Leases, now held by our Company, would be renewed or extended only on condition that we should industrialise the Sandur region and indianise our Company, and moreover pay a high fee for the Leases.

In regard this Indian point of view, I venture to say my personal opinion, without any responsibility to the General Sandur Mining Co., as long as formal arrangements have not been concluded:

(a) I would not pay any fee for the extension of the leases of exhausted mines, or nearly so. Who would pay for a worn out and useless thing?

During the last period of 25 years of the Leases, we have lost 7 years against our will, and on account of the war which was imposed to us. Nevertheless, we have been required, by the Sandur State, to pay them the full amount of dead rent just as if we had produced 68,508 tons yearly, instead of nothing. We had been treated better after the first war.

Would it not be only fair to extend our actual Leases by 7 years, taking into account that we have, during this time, lost a vast amount of money in keeping our staff, maintaning the material in good working conditions, etc.

(b) After receiving this compensation and the promise of extension of our Leases up to 1985, the study would be resumed with a view to industrialise the Sandur Mines, if finally possible with the remaining "B" low grade ore.

A free hand should be given us to import the materials for building the eventual electro-metallurgical plant, from the best suitable sources of supply, without any trouble for licences, etc, we, of course, paying the Custom duty according to tariff. Success, indeed, requires a reliable material, delivered in time, and engineering has nothing to do with feelings, nationalism, etc. For instance, we in 1947, bought three Diesel locomotives from England, then finding no other trollies than Belgian ones, the licence for 90 of such trollies was refused us. A little time after, we purchased 24 trollies offered for sale in India, but they ran only a few miles and were worn out. The former Belgian trollies lasted many years.

We are, moreover, too much troubled by complicated formalities, or by the manner of application of some regulations, this causing us losses of money, of time, and also useless worries for mere trifles.

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Dispersing the forces around the point of application instead of giving them the same direction, means in our case as in mechanics, a considerable loss of efficiency.

(c) Indianisation. The principle does not at all seem unreasonable.

We shall examine whether the Memorandum of articles of Association of our Company provides for a solution which would be suitable to the extension of the leases, with incorporation in India.

For what concerns the Scheme, its administrative section has foreseen the creation of a special Indo-Belgian Company, to treat the mineral bought on the spot from the present General Sandur Mining Co., whose leases should be extended as mentioned above.

A participation in this new General Sandur Metallurgical Co. would be open to Indian Directors in the proportion of max. 49% during a period to be agreed upon, for instance also up to 1985, after which the Europeans would if required, definitely leave India.

In the interest of India also, and for the sake of success, we want the full management of the undertaking, and therefore need the security for our capitals, at the same time as a full liberty of action, but the Indian Directors would be kept aware of all our operations. The Board of Directors of the new company would thus comprise a certain number of Directors, including the Chairman, of the actual General Sandur Mining Co. A seat would also be offered to the electric power supplier, to the railway and the other co-operating and outstanding Indians.

During the agreed period, the actual G.S.Mining Co. would need two Europeans only: the Mines' Manager and his assistant, and perhaps occasionally, one more, if a specialist be wanted.

The G.S. Metallurgical Co. would, at the beginning and during 6 months or one year, employ a certain number of Specialised engineers, foremen, etc, to train intelligent Indians in running all the details of the plant. Then six Europeans would be maintained for some time more and finally 3 only would be kept for the management of the Metallurgical Section, during the agreed period, as stated above, after which even the management could become Indian if decided by the Board of Directors.

All the Europeans would be instructed never to meddle into religious or political affairs concerning India.

The monopoly of metallurgical work should be given us within a radius of 50 miles from the plant, to avoid troublesome competition.

I apologize for having written so many pages in explaining my personal ideas on this vital question. I tried to be clear and as complete as possible, with a view to avoid mistakes, less of time and wrong interpretation.

After the deviation taken last year by this important problem, the shareholders of the G.S.Mining Co. were, by no means, no longer keen of carrying out the scheme I had planned for them. They are now attracted by another very important manganese deposit in Congo. It is far from the sea coast: about 900 miles, but the ore contains 53% Mn and the Government seems inclined to grant a special railway-freight in order to develop Mining and enhance the railway traffic, such as was agreed in South Africa. I have been asked to study the problem. The prospects are excellent.

As an old friend of India (my first visit here took place 23 years ago), I must frankly say that I should be very disappointed if my "Indian Scheme" would fail for one or another reason, and I fear that time is now working against it. I consider it was the sole and last opportunity of India, to give a new life to the Sandur region after the exhaustion of the "A" grade.

Another very severe argument against it is the excessive amount of taxes the General Sandur Mining Co. have now to pay:

dead rent and royalty
minor taxes
export duty
then 37.5% on the net profit.

On the remainder, London takes 45% and intend to enhance his share by 25 or 30%.

To give a net divident of 10%, the G.S.M.Co should make a profit of nearly one third of the capital more than £ 100000. Truly, is this not very exaggerated?

I do not, for the present, see any argument which can justify some hope in a better future.

People who have nothing to risk, perhaps, not even experience or repute, might, in the circumstance, solicit our succession and promise anything, but not many could do what we have done, or what we are able to perform again, on account of our standing.

Wishing you every success,

I am, Gentlemen,

Yours sincerely.

Godefroid

Department of Industries & Commerce.
===

No. 7819-A2/50, dated 31st December 1950.

From
The Director of Industries & Commerce,
Madras.6.

TO
The Secretary to Government,
Development Department,
Madras.

Dev 1372 Pdsm/50
4.1.51

Sir,

G.O.Ms. 1811 Dev
4/5/50

Sub: Industries - Manufacture of Ferro-manganese in Sandur State.

p.3 below

A copy of the letter No. M/351/50, dated 4-12-50 received from the General Sandur Mining Co., Ltd., Sandur, is ~~submitted~~ for favour of necessary action with reference to para 3 thereof. In this case, I invite a reference to the correspondence resting with the Government letter No. 9412-P&D. III-49-8, dated 15-4-50 to the Secretary to the Government of India, Ministry of Industry & Supply, New Delhi.

A copy below

pp 33-34 Cf. ✓ (X)

G.O.Ms. 1811 Dev
4/7/50

V. Dattatreyan 3.1.51
for Director of Industries & Commerce.

2/3.1.51
MS/3/1/

Dev. Dept.

Encls: Subs. for perusal of pp. 1-3 below. The General Sandur Mining Co. Ltd. have requested this Govt., on more than one occasion, for a copy of this Govt. Lr. on pp. 33-34 Cf of (X) containing the recommns of this Govt. on the scheme of the Company for a ferro-manganese industry. After examining their request this Govt. considered it not

p 35 Cf. ✓ (X)
p 43 Cf pp 47 Cf. ✓ (X)
pp 33-34 Cf. ✓ (X)
pp 19-20 Cf. ✓ (X)

necy. to furnish a copy of this Govt. letter to the Company and the Company was informed accordingly. The Company was also asked to addressed the Govt. of India for further information. In the circumstances, no action appears necy. now. The papers may be lodged and added to those at (X).

- P.45 Cf. ✱ (✱)

P 45 Cf. ✱ (X)

51.1.51

6/1/51

6.1.51.

Copy of letter No. M/751/50, dated 4th Decbr. 1950 from the Manager, The General Sandur Mining Co., Ltd., Sandur P.O., Bellary Dt. to Sri M.T. Raju, Bar-at-Law, I.C.S., Director of Industries & Commerce, Madras.C.

You may remember that during your recent visit to the Manganese Mines of the G.S.M. Co., Ltd., a letter written by A.GODBOLE, our Consulting Engineer, to the Secretary of Government, copy to the Industries Ministry, was mentioned.

We do not know if you are aware of the contents of this letter, but we are sending you a copy, which will supply all the information requested by you on your recent visit.

3 We know that the Madras Government have made its recommendations to the Central Government in respect of this letter, but, in spite of repeated requests by us, we have had no reply to this letter, and this after more than one year.

4 The whole future policy of this company depends on a satisfactory reply to this communication and we would ask you, directly to speak to the people concerned and let us know what were the recommendations of the Madras Govt. or to at least give us some satisfactory reply.

====

Development Department.

(C.No.94312 - P&D-III/49).

Sub: Industries - Manufacture of Ferro-Manganese in Sandur State - Report - Called for -
Ref: From the Govt. of India, Ministry of Industry and Supply, New Delhi, No.I-II-36(1)/48, dated 15-9-49.

The Govt. of India have now stated that Mr. A. Godefroid of the General Sandur Mining Company has represented to them the difficulties experienced by the Company in exporting manganese ore mined by the Company in Sandur. The Company, it is stated, has put forwarded propbsals in this connexion to the Govt. of India. They are

(i) Reduction in railway freight from Rs.15/- per ton to Rs.6/- per ton;

(ii) Levy of an export duty of Rs.2/- per ton for ores containing 37 - 42% manganese only and

(iii) the formation of the Indo-Belgian Company incorporated in India to undertake a new minor industry for the semi-metallurgical treatment of the manganese ores, full control remaining in Indian hands. The technical and commercial management would however remain in their hands for 25 years.

In this connexion, India have pointed out that in 1946, the Sandur Govt. had a proposal to start a project for the manufacture of ferro-manganese by Electric Furnace process from the Manganese ores available there. The Govt. of India have now asked for further information on the scheme of Sandur Govt. and the progress made by them in this regard. It may be pointed out in this connexion, that Mr. A. Godefroid has also represented to this Govt. the difficulties experienced by the General Sandur Mining Company in exporting the low grade manganese ore available in the State and the representations were diverted to India as this Govt. have no local knowledge about them. This Govt. have also no information on the scheme of Sandur Government

p.t.o.

to start a project for the manufacture of Ferro-manganese by Electric Furnace Process on which India have now called for the progress report. The D.I.& C., Madras may be asked to offer his remarks on India's letter in the first instance in consultation with the Collector of Bellary, Bellary. Subject to orders a draft endorsement is put up on p.1 c.f.

Issued as Endt no 94312 Ad III/49-1, dt 23.9.49 from the G.S. Mining Co. Ltd, Sandur, no M/258/49, dt 23.11.49.

In September last the Government of India ~~have~~ stated that Mr. A.Godefroid of the G.S.M.C.Ltd has represented to them the difficulties experienced by the Company in exporting Manganese ore mined by the Company in Sandur. The proposals of the company are reduction in Railway freight, levy of export duty for low grade manganese ores and the formation of an Indo-Belgian Company incorporated in India. While asking for the views of this Government on the above proposals of G.S.M.C.Limited, the Government of India have pointed out that in 1946, the Sandur Government had a proposal to start a project for the manufacture of fero-manganese by Electric Furnace Process and have asked for further information on this scheme, of Sandur Government and the progress made by them in this regard. These questions have been referred to the D.I.& C for remarks and his reply is awaited.

Mr.Godefroid has now forwarded the details of the scheme put forward by the G.S.M.C.Limited. Apparently a copy of India's letter has gone to Mr.Godefroid also, who has now sent his personal remarks on the company's scheme to the Government of India. A copy of his reply to India will be found at (X). Mr.Godefroid has explained in detail how his

scheme for the exploitation of the low 'B' grade Sandur Manganese ore was planned in 1946 and how it was dropped subsequently in 1948, eventhough the scheme was then found technically suitable, on acount of the imposition of higher railway freights and export duty. He has also made mention about the proposals of Sandur Government for the manufacture of ferro-manganese and why it could not be proceeded with.

In the scheme at (X) Mr.Godefroid has given in detail the various conditions on which the manufacture of ferro-manganese alloy can be taken up in the Sandur region and how the G.S.M.C.Ltd will be of use in the matter. He has concluded that ferro-manganese of standard grade could not be manufactured with profit in the Sandur region on the basis of the present known elements. For the purpose of setting up an industry, Mr.Godefroid has suggested the formation of an Indo-Belgian company in which both the G.S.M.C. and the Central or Provincial Government may be interested for proceeding with the scheme. After an agreed period of say 25 to 30 years, Mr. Godefroid is prepared to leave the entire management of the company into Indian hands after training the Indians also in the industry. Mr.Godefroid's scheme as outlined at (X) for the manufacture of ferro-manganese alloy seems to benefit the interests of this Province. It is therefore for consideration whether the scheme is worth pursuing and a recommendation made to the Government of India. Before pressing on India the need to encourage this industry in the Sandur region, the remarks of the D.I&C on the feasibility of Mr.Godefroid's scheme may be invited. Subject to orders a draft Memo. is put up.

Signed as Memo. No. 9432/2 Ptd III/46-2, dt 30-11-'46

Sec
~~Revenue~~ Secretary. Dev. No 101055 Adm III/49
12/X/49

The Belgiam Co., working the manganese mines in Sandur State represented to me that they were paying As.3 per ton of manganese ore removed from Sandur State into the Indian Union and Rs.4/8 per ton export duty when it was exported to foreign countries. Now that Sandur has come into the Indian Union they represented that they may be exempted from the payment of As.3/-. Please examine. I am told a reference has been made by the Collector of Bellary to the Board.

H.M.Finance
12.10.49.

Development Dept.

H.M.(Fin)'s minute above:

Presumably H.M means the General Sandur Mining Company, Limited, Brussels. Mr.Albert Godefroid, Consulting Engineer, General Sandur Mining Company, Limited represented to this Government in April 1948 the difficulties experienced by the company in exporting the low grade manganese ores mined by the Company in Sandur. The representations were riverted to the Government of India who are concerned with the export problems as this Government had no local knowledge about them. Mr. A.Godefroid was also told that he may apply to the Government of India in the matter for necessary help.

The Government of India have recently stated that Mr.Godefroid has represented to them the same difficulties mentioned in para 1 above and has put forward the following proposals to their consideration:-

(i) Reduction in railway freight from Rs.15/- per ton to Rs.6/- per ton;

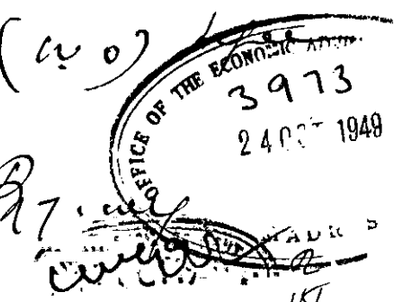
(ii)Levy of an export duty of Rs.2/- per ton for ores containing 37-42% manganese only and

-do-

(iii) the formation of an Indo-Belgian Company incorporated in India to undertake a new minor industry for the semi-metallurgical treatment of the manganese ores, full control remaining in Indian hands. The technical and commercial management would, however, remain in their hands for 25 years.

The Government of India have called for the views of this Government on the present proposals of Mr.Godefroid. The Director of Industries and Commerce has been asked to offer his remarks on India's letter in consultation with the Collector of Bellary. His remarks in the matter are awaited. The main file relating to this subject is linked.

As regards the representation of the company that they are paying Annas 3 per ton of manganese ore removed from Sandur State into Indian Union referred to in H.M(Finance)'s note on p.1 above, there is no information in this section. Now that the Sandur State has merged with this Province it is not known why this inland duty of Annas 3 per ton of manganese is being levied. This may also be referred to the Director of Industries and Commerce. Subject to orders a draft Memorandum is put up.



L.A.Deptl(B) Dem.no.M 101055 Pgdim 17/x/lee (with two L.Rs.)

24/10 L.A.no 44992/49-1B 24.10.49

5/44

Z

Dev 101053/49/1

Public (E 45)

Development note on pages 1 & 2 ante may be perused. That Deptt may let this Deptt see the Case again on receipt of reply from the Director of Industries & Commerce to the ~~draft~~ memo below.

4.11.49.

5/11/49

Dev 108491 Prod 49

5/11/49

Public (E 45)
VO 3973 B1/49-1
4-11-49

Dev Deptt

Pub (E 45) Deptt note above. The draft Memo below may kindly be seen.

5/11/49.

8.11.49

8/11

9.XI

TO THE ADDL. SECRETARY TO GOVERNMENT
6 NOV 1949
DEVELOPMENT DEPARTMENT

SECRETARY TO GOVT.
10 NOV 1949
DEVELOPMENT DEPARTMENT

Draft Memo. issued as Memo. 101053-Prod(III)-49 dated 2.11.49.

9

(Camp) Cuddapah,
Dated 8th December 49.

120126/49
Mov-a-1 12/12/49

Secretary Dev.Dept.,

While I was recently at Sandur, the Mining Company made oral representations about some of their difficulties and wanted the Madras Government to use their good offices with the Government of India. I instructed them to put in writing in the form of a memorandum and send it on to the Development Department. On a perusal of the Memorandum, I find that so far as the supply of explosives are concerned, the Provincial Government can help by instructing the Collector of the D and the Board of Revenue to see that delays in the supply of explosives are avoided. Now that Sandur is merged into our Province, there should be no difficulty for the Collector or any other authority who deals with the matter to help in the supply of explosives. The rest of the memorandum contains matters which pertain to the Government of India. The mines being situated in our Province, I think. it is proper that we should help the company by forwarding the Memorandum with a covering letter to the Government of India suggesting to do their best in the matter

A or p i f d

P

8/12/49
H.M.(Land Rev.& Labour)

(2) The delay of 22 days in routine work below the file was transferred to this section on 30/12/49

Dev.(P&D ii) Dept.

H.M.(L.R.)'s minute above and the representations of the General Sandur Mining Company ltd in the C.F. may be perused. The General Sandur Mining Company have already expressed to this Govt. as well as to the Central Govt. the difficulties that are being experienced by the Company and this qu. is separately under

above

top 3-9 C.F

if approved if p.f.

correspondence with the D.I.+C. Almost all the representations now made are under consideration except the one with regard to the supply of explosives to the mining operations. For the supply of explosives, the Company may approach the Collr. for necy. facilities who will arrange with private companies for the regular supply of explosives. It may also be stated that the Govt. of India are primarily concerned with the representations who have also addressed this Govt. for remarks on them. The qn. has been referred to the D.I.+C and his reply is awaited. ~~No action is called for on the representations now made by the Company.~~ The Collr. of Bellary may be asked to render the necy. facilities to the Company with regard to the supply of explosives for the mining operations. Subject to orders a draft Memo. to the Collr. is put up.

An interim reply may also be sent to the G.S.R.C. Ltd. that their representations are under correspondence with India. Subject to orders a draft letter is put up. Home Dept. may see draft I put up.

Sy 7/1/50 Homes

Dev. no. no. 120120 AVD/-1 7/1/50

~~The draft memo below to the Collector, Bellary may be perused and the file returned to Development.~~

4/1/50

PTO

Home Dept

The file deals with some representations made by the Sandur Mining Co. to H.M.(L.R.). One of the complaints is that the Company is experiencing much difficulty in obtaining explosives required for the day to day mining operations. They have requested that suitable instructions may be issued to the proper authority in the district to supply the necessar licences whenever required. Development propose to instruct the D.M. Bellary to afford all facilities to the Co. as regards the supply of explosives. The file has come to this department for perusal of the draft to the D.M.

2. After the merger of Sandur there has been some difficulty in transporting explosives into the State area. As the rules on the point were not clear, the D.M. Bellary was not sure whether he could grant 'no objection certificates' for the transport of explosives by the Sandur Mining Co. Therefore he referred the matter to Government for instructions. The Government have instructed him that he may issue "no objection certificates" pending the extension of the Explosives Act and Rules to Sandur. It may therefore be presumed that the Company is not experiencing any difficulties now in obtaining 'no objection' certificates from the D.M. for the transport of explosives to their mines. However there appears to be no objection to ask the D.M. to see that the licences required by the Company are issued promptly as requested by them. It does not however appear that the D.M. can help the Company in any other way in the supply of explosives nor does it appear that the Company requires any such help. Development may therefore modify the draft suitably.

There is no need to modify the draft which is not exhaustive

12.1.50

16.1.50 Dev Dept

Home Dept note above. The drafts below may now issue.

4426 Pers 17.1.50 17.1.50 17.1.50

16.1.50

THE SECRETARY TO GOVERNMENT
17 JAN 1950
DEVELOPMENT DEPARTMENT

Issued as Memo. 120/20/Pt(2)/Leg-2, dt 13.1.'50 * p. 23 c.f
Issued as Memo. 120/20/Pt(2)/Leg-3, dt 15.1.'50 ? pp 24-26 c.f
from the D.I&C, no 5841/Leg.I, dt 13-2-'50. † pp 27-28 c.f
(Previous note need not be read)

In Sept. 1949, the Govt. of India stated that * p. 1 c.f
Mr. A. Godefroid of the G.S.M.C. Ltd. has represented
to them the diffuculties experienced by the Company in —do—
exporting manganese ore mined by the Company in Sandur
In this connexion, the Company has put forward proposals
to the Govt. of India and they are:

(i) Reduction in railway freight from Rs. 15/- per —do—
ton to Rs.6/- per ton;

(ii) Levy of an export duty of Rs.2/- per ton
for ores containing 37-42% manganese only and

(iii) the formation of the Indo-Belgian Company
incorporated in India to undertake a new minor —do—
industry for the semi-metallurgical treatment of the
manganese ores, full control remaining in Indian hands.
The technical and commercial management would however
remain in their hands for 25 years.

The Govt. of India have called for the views of para 3, p 1 c.f
this Government on the proposals of the Company. The
D.I&C and the Collector of Bellary who were referred to ✓cp p 1 c.f
in the matter have now submitted their remarks on the † pp 9-12 c.f &
company's proposals. They will be found on pp 27-28 C.F. p. 2 c.f
and pp 9-12 c.f. respectively. The Company's proposals are
examined below:

<u>Request (1) above</u>: <u>Reduction in Railway freight</u>: - p 1 c.f

The G.S.M.C.Ltd. have requested that the railway
freight may be reduced from Rs. 15/- to Rs.6/- per ton. -do
It may be pointed out that the sum of Rs. 15/- quoted
by the Company is not the Rly. rate per ton from any
one Rly. station but the average freight on rail for cp. p. 9 c.f
the carriage of one ton of manganese from either
Samshalli or Sundarambencha to Marmugoa Port. This —do—
rate was obtaining in May to July 1948. But later the
Rly. administration reduced the rates with retrospective

cp. p. 9 cf

effect to Rs.11-2-3 per ton in Sept., 48 and the G.S.M.C.Ltd, got relief to that extent and rebate on the freight already paid and the average freight

-do-

rate for the year 1949 is Rs. 10-1-0 per ton. The D.I&C and the Special Officer, Sandur who were

p 1 cf

consulted, are of the opinion that the present

cp p. 9 cf and p 27 cf

freight rate cannot be considered to be excessive in the context of the General inflation prevailing at present. The views of the D.I&C and the S.O. Sandur may perhaps be accepted and the Govt. of India informed accordingly. For Orders.

Sri p. 1 cf para

Request (ii) above: Levy of lesser export duty.

-do-

The Company has requested for a reduction of export duty levied on manganese ore from Rs. 5/- to Rs.2/- per ton. In support of this request, the

cf pr 1-2 & X

company has stated that the reserves of 'A' grade ore containing 38 to 42% manganese available for exploitation in the Sandur area amount to less than

-do-

500,000 tons and that these will be exhausted by 1953 and that thereafterwards only 'B' grade ore containing about 30-37% manganese will be available for export and that the marketing of such inferior ore will be difficult in the face of competition from other countries like Russia & Brazil unless the above concessions are granted. The D.I&C has

pp 27-28 cf

pointed out that the contention of the Company that the reserves of such high grade manganese ore amount to less than 500,000 tons and that they are likely to be exhausted by 1953 cannot be accepted in view of the G.S.I. investigation which has revealed

-do-

the ~~occurrence~~ existence of about 16,00,000 tons of manganese ore containing over 38% of manganese. He is therefore of the opinion that the existing reserves will sustain exploitation for another 15 years on the basis of about 1,15,000 tons p.a., the rate at which the ores in this area have been exploited

pp 27-28 cf

hitherto. He therefore considers that there is no

need for the reduction in export duty asked for by the Company. The S.O., Sandur, has however, observed that the question of levying a lesser export duty is a matter of all India policy which has far-reaching implications on the Central finances. He has further stated that the bulk of the manganese ore mined in Sandur area is said to be largely of the lower grade. He has therefore suggested that the request of the company for the fixation of the duty depending on the quality of the ore may be considered in view of the fact that the immense potentialities of Sandur's mineral deposits may go unworked if the Company should close down on account of the low grade mineral becoming unmarketable in the face of world competion. It may be mentioned in this connexion that if it is ultimately decided to set up a ferro-manganese plant at Sandur, it may abgrob bulk of the ores containing more than 38% manganese. Even the low grade ores may be concentrated and utilised in the factory. In such a case, there may not be any need for the export of manganese ores to foreign countries. However, for the present, the views of the S.O. may perhaps be agreed to and the Govt. of India suggested to consider the question of refixing the export duty on quality basis of the ores without detriment to Central finances. For Orders.

pp. 9-11 cf

p. 11 cf

p. 11 f

I think it is better to send copies of the reports of the S.O. to the Govt. of India.

pl. see pp. 1 of file.

11-2450 27.2.50

Request (iii): Formation of an Indo-Belgian Company:

The Company has suggested the formation of an Indo-Belgian Company in India to undertake a new minor industry for the semi-metallurgical treatment of the manganese ores, full control remaining in Indian hands. The technical and commercial management would however remain in their hands for 25 years. The S.O. Sandur, has opined that this proposal is very welcome in view of the fact that the Company's assets will be placed in Indian hands. He has pointed out that the Govt. of Sandur had approached the Govt. of India for a large loan and technical help for the starting of a ferro-

— do —

p. 1 f

— do —

manganese industry and offered to renew the leases of the G.S.M.C.Ltd. under certain conditions; some of the important conditions being the company should promote a fresh enterprise with a capital of about Rs.3 crores, transferring their present assets to the new enterprise and that 2/3 of the financial participation should be open to Indians. It is reported that these were under correspondence with the state and the Company when India took over Sandur state in July 1948. The D.I&C while stating that it is not possible for him to offer his comments on the soundness and workability of the scheme in the absence of the details of the scheme, has, however observed that the scheme should be favourably considered since the increased value of the product manufactured, when exported, will bring in a greater return of foreign currency than the export of the ore. He has therefore suggested that India may be asked to have the scheme examined by their techl. experts. This Dept. also considered that the scheme proposed by the G.S.M.C.Ltd. for the manufacture of ferro-manganese alloy may benefit the interests of the Province. The Govt. of India may therefore be told that the Madras Govt. welcome the proposal of the G.S.M.CLtd. for the manufacture of ferro-manganese alloy in the Sandur region and they may be requested to have the scheme examined as early as possible. For Orders.

While asking for the views of this Govt. on the proposals of the G.S.M.C. Ltd., the Govt. of India pointed out that in 1946, the Sandur Govt. had a proposal to start a project for the manufacture of ferro-manganese by Electric Furnace Process and have asked for further information on the scheme of Sandur Govt. and the progress made by them in this regard The S.O. Sandur, and the D.I&C who were consulted, have stated that the Government of Sandur endeavoured

to promote the establishment of a ferro.manganese electrical plant for the conversion of low grade ore into high grade manganese, which would be easily marketed, but having failed to secure electrical energy from Jog power project in Mysore and a large loan from the Govt. of India, they abandoned the scheme. The Govt. of India may be informed accordingly.

As regards the Company's request for cancellation of levy of customs duty on manganese ore removed from Sandur into Bellary Dt., it may be mentioned that the Collector of Bellary has already addressed this Govt. on this matter, and the question of suspending the levy of customs duty from 1.3.50 in Sandur is separately under consideration. No further action is therefore called for on this request.

After orders are passed, the file may be sent to E.A. with reference to Z on p. 7 above.

X X X X

Dev. Dept.

With reference to orders on pp. 12-16 above, a draft letter to India is put up.

As regards Secy's suggestion at A above, it from the communication on p. 1 of it is seen that the Govt. of India are themselves collecting the details of the scheme for the manufacture of ferro-manganese alloy and they would address this State on this qn. if it is ultimately decided by the Govt. of India to pursue this matter. No action

12/4/50 Seems necy. at present on the suggestion at A onp 16 above
16 21-4 for orders.

Draft ltr/Memo Necessary letter needed
31/3/50
31/3/50
1.4.50

S.
12-4-50
14/4 Hon Secy

SECRETARY TO GOVERNMENT
15 APR 1950
DEVELOPMENT

pp. 33-34 cf issued as Lr. No. 31312 Proc. -6, 15/4/50.
pp 35-37 cf from the S.S. M.C. Mn. No. G/25, 8 -4-50.

The General Sandur Mining Company Ltd have now requested information on the action taken by this State on the Memorandum subd. by the Company to Govt (L.R.), Madras. The Memorandum, which contained several requests, ~~was examined~~ and on which the Govt. of India also called for the remarks of this State, was examined in detail in consultation with the Special officer, Sandur and the Dist and the views of the State were communicated to India in this Dept. letter on pp. 33-34 cf. One of the Company's requests in regard to supply of explosives for their mining operations in Sandur, was considered and necy instructions were issued to the Collr. of Bellary to afford all facilities to the Company in this matter. This was also communicated to the Company in this Dept. letter on pp. 24-25 cf. The General Sandur Mining Company Ltd may now be informed that their requests ~~were~~ have been complied with to India with the remarks of this Govt. Subject to orders a draft letter is put up.

21/4/50
21/4/50

S
22/4/50

pp 35-37 cf
(X)
(X)
pp 1 cf
pp 12-16 above
pp 9-11 cf and pp 27-28 cf
pp 33-34 cf
A on p 19 cf
pp 9-10 above
p 23 cf
pp 24-25 cf

Issued as Govt. No. 94312 Fdn III/49-9,8 26/4/50 Pp 4½-4½

There is no further action pending in this file.

One papers may be recorded.

4.5.50 4.5.50

4/5/50

G.O.Ms. 1811 Dated 4-5-'50

Industries – Ferro-manganese industry – Manufacture of in Sandur State – Proposals of the General Sandur Mining Co Ltd., Sandur – Views of the Madras Govt. – Communicated to the Govt. of India – Papers – Recorded.

4/5/50 4.5.50.

Dev. Dept.

(C. No. 40365 Pro III/50)

Sub: Representations of the General Sandur Mining Co. Ltd — Neg.

Ref: From the General Sandur Mining Co. Ltd. No. G/26, 26.5.50

The administrative Adviser to the General Sandur Mining Company Ltd has requested for a copy of this Dept. dor. No 94312 Pro III/49-8, dated 15.4.50 to the Govt. of India communicating the views of this Govt. on the proposals of the General Sandur Mining Company Ltd. for reduction in railway freight, export duty etc. He has also asked for information as to which Ministry of India, he should address in the matter. It is subd. that it does not seem necy. to furnish him a copy of this Dept. Dn on pp 33-34 Cf of G.O. Ms. 1811 Dev., dt 4.5.50. He may perhaps be asked to

address the Ministry of Industry and Supply, Govt of India, New Delhi in the matter. Subject to orders a draft letter is put up. After issue, the papers may be added to (M)

G.O. 18 dtd 6/5/50

9/5/50 10.550

Sri 6.5.50

S 7/55

Issued as Lr. No. 40365 P&D III/50-1 dt 11.5.50.

7/25

File 446-I/50

Dev Dept

(Cm. 44699 P+D III/50)

Sub: Representations of the General Sandur Mining Company Ltd. on the Scheme for the manufacture of Ferromanganese alloy in Sandur.

Ref: from the Manager, G.S.M.C. Ltd. No. M/116/50, 913/5/50 addressed to HH (DR), Madras.

Secy. Development

What is this about?

HS. R.
17/5.

A mp 1 Cf

Please see the letter from the Manager, The General Sandur Mining Co. Ltd. in the Cf and the minutes of HH (Dev.) thereon. The Manager has now asked for a copy of this Dept. Lr. No. 94312-Pub III/49, dt 15.4.50 to the Govt. of India communicating the views of this Govt on the proposals of the G S M C Ltd for reduction in railway freight, export duty etc. It is subd that the Administrative Adviser of the G.S.M.C. Ltd requested this Govt on 6/5/50 for a copy of the same letter and it was held that it is not necy to furnish the Company with a copy of this Dept. letter to India as it is confidential. The administrative adviser of the Company was therefore informed that it is not possible to furnish him with a copy of this Dept. letter, as it is confidential and that he may address the Govt. of India, Ministry of Industry and Supply in the matter. In the circumstances no action seems called for on the communication in the Cf. The papers may be lodged and added to those at (P).

for orders.

p. 1 Cf

pp 33-34 Cf ✓ (M)

p. 43 Cf * (M)

pp. 45 Cf ? (M) do-

SD/ME 22/5/50.

SECRETARY TO GOVERNMENT
30 MAY 1950
DEVELOPMENT DEPARTMENT

S/HH 24/5

24550

Dr. 25.5.50

HH/Dev 26/5.

HH/DR